

truly going to do what is right and decent and honorable for the next generation, it is a matter of doing what is right in health care.

It is a matter of pooling our resources together and looking at the answers, to be science-based and not emotion-based on this. The science tells us we have things we can do, but we are not yet doing. The science tells us when it comes to managing the disease it is not appropriate to just look at that individual disease, but to see how it operates in the context of the child and their family.

This is true compassion. This is where we will save lives. This is where we will save money. This is where if we do things like looking at electronic medical records, and make sure that every hospital around the Nation has this, and providers and pharmacists have these, you can find out these things and work on them together.

That is what takes place in States like Nebraska and other hospitals around the Nation. We have here an opportunity to make a huge difference, to save lives by the hundreds of thousands, and to save money by the hundreds of billions of dollars. We have that opportunity before us.

The question is, will we have the courage to work together in a bipartisan manner to do it? My hope is that our colleagues drop the gloves on this, put down the swords, stop looking for opportunities to send out sound bites and to have people make phone calls and use it as political fodder, but instead to be able to look our constituents in the eye and say when we were all here, when we were all granted the authority to do something about America, we took an opportunity to save lives and save money, and we ought to start with our children.

I thank my colleagues.

DEMOCRATIC ALTERNATIVE TO CUTTING THE BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 2005, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Madam Speaker, as we gather here tonight to talk over the problems of the budget, our colleagues on this side of the aisle, the Republicans, are locked in a dispute over how to pay for Hurricane Katrina, the cost of which could fall between \$100 and \$200 billion, maybe even more, for the Federal Government alone.

Some, for the most part their most conservative Members, have proposed big cuts in programs that range from student loans, to Medicaid, to food stamps, about \$50 billion in spending cuts spread over 5 years.

They present these spending cuts as a way to offset, partially at least, offset the spending increases that the response to Katrina and Rita are going to require. But in actuality these spend-

ing cuts will not go to offset Katrina, because the Republican budget, the budget resolution operative for the year 2006, the resolution to be brought to the floor to be amended, already calls for \$106 billion in additional tax cuts, \$106 billion in new tax cuts.

And when these new tax cuts are passed, the spending cuts proposed, ostensibly to offset the cost of Katrina, will instead go to make up for the loss of revenues due to the \$106 billion in tax cuts. Since the spending cuts are \$50 billion and the tax cuts are \$106 billion, none of the spending cuts will ever make it to the bottom line where they might otherwise be available to offset the cost of Katrina.

So the first problem that we as Democrats have with what our Republican colleagues are pushing is that it is not what it purports to be. It is not a plan to pay for Katrina. It is a plan to facilitate \$106 billion in additional tax cuts.

The second problem that we as Democrats have with their plan is that we believe the cost of helping one State sustain the catastrophic loss and cost of a natural disaster, a disaster like Katrina, Hurricane Rita, should be borne by all of us, by all of the States, should be a matter of shared sacrifice, has been in the past should be in future, it works and it is right.

But we do not believe that those least able to bear the costs should be saddled with the lion's share of the load. And yet that is exactly what their plan will do, because they are pushing a plan that will pay for the cost of Katrina by coming down hard and heavy on the backs of students borrowing to pay for their college education, on the sick whose only access to care is through Medicaid, and on the very poor who depend upon food stamps to feed their families.

This is just some of those on whom the cuts they are proposing will fall, and the reason we are proposing alternatives and opposing the plan that they are bringing to the House floor. What we have coming before the House is a plan for spending cuts that basically and simply does not achieve its stated purpose, because it does not go to cover the cost of Hurricane Katrina, and the spending cuts it does select, whether they are used to offset tax cuts or offset the costs of Katrina, as I have said, come down on some of these who are the least able to sustain and bear them.

It is fair to ask, I think, as we begin to consider such a program, why is it we are insisting upon offsets for rebuilding Biloxi or Bay St. Louis or New Orleans, but not insisting on offsets to pay for rebuilding Baghdad or Mosul or Basra.

Well, one of the reasons I believe that we are experiencing this newfound interest in offsets that might diminish the deficit is that the evidence of a swelling deficit that is not going away, it is a structural deficit, built into the budget, not a cyclical deficit deficit

based on the ups and downs of the economy, one that is going to be with us for a long time to come because of fiscal decisions that were made in 2001, 2002, 2003 and 2004, is becoming so obvious, so widespread, so obvious, so significant that it simply cannot be denied.

I mean, after all the basics are apparent and they are well known. As Yogi Berra used to love to say, you can look it up, it is a matter of record. Back in the year 2000, we had a surplus of \$236 billion. Matter of record. The budget was in the black by \$236 billion, unprecedented. That was a budget that was inherited by Mr. Bush.

Today, just a few weeks ago as a matter of fact, the administration closed the books on fiscal year 2005, and when they closed the books they finally declared the balance at \$320 billion. And they took some credit because that deficit is actually smaller than the deficit in 2004, which was \$412 billion. But a \$320 billion deficit is nothing to crow about.

Look at what has happened over the last four fiscal years. The simplest way to show it to you on the back of an envelope is to look at how many times our Republican colleagues have had to vote to increase the debt ceiling of the United States, and what those total increases come to since 2002.

This chart shows it to you very, very clearly. It shows that in June of 2002, despite the administration's assurance that we would not have to increase the debt ceiling, the legal limit to which the United States can borrow for another 8 years, they were back a year later saying we need an increase this year of \$450 billion.

Then in May of 2003 they came back and asked for an incredible amount, \$984 billion. You would think that big an increase would take you at least several years. This request was approved on May 26, 2003. By the summer of 2004 the Bush administration was back, Secretary Snow came back hat in hand saying we have just about run through the \$984 billion increase you allowed us last year, we need another \$800 billion increase, and before we could leave for the winter break, last November, that had to be passed.

Finally this year, we had a budget resolution on the House floor, passed the Senate, has now been passed as a concurrent budget resolution. It calls for an increase of \$781 billion in the year 2006.

If you add all of these debt ceiling increases together, you will see that to accommodate, to make room for the budgets of the Bush administration over the last four fiscal years, we have had to raise the debt ceiling of the United States by \$3 trillion, 15 billion.

So why do we have this newfound interest in offsets? It is because the budget is becoming undeniably unsustainable.

I yield to the gentleman from Wisconsin.

Mr. KIND. Madam Speaker, I thank the gentleman for yielding to me, and

also thank him for the leadership that he has provided on the Budget Committee and highlighting this very important issue.

I know people back home hear a lot of these numbers and figures about debt ceiling and the growth of the Federal budget deficit every year. But what is different this time I think is the most disconcerting aspect of what you are talking about this evening, and that is this new debt that is being created is not owned by ourselves any more. We are dependent on foreign entities; namely, China and Japan, as the number one and number two purchasers of this government debt that we are racking up.

These are IOUs that are going to those countries rather than to our own citizens or to our own investors in this country, and we are becoming more and more beholden to those interests, especially China, in order to help us finance these deficits.

From my perspective, I think it is incredibly dangerous and not in our best long-term economic or security interests to be so dependent on China to be financing the deficits of this magnitude, which have been taking place in recent years.

Mr. SPRATT. Madam Speaker, the gentleman is absolutely right. First of all, foreigners are picking up the lion's share of our debt for now. It cannot go on forever. We know that. No borrower can go back to his creditors continually and endlessly and ask to borrow more and more.

But it has had an effect. It has kept interest rates low, because foreigners are borrowing our debt. When they quit buying it in large shares, we are going to see a rise in interest rates, it is going to have a significant effect on our economy.

Let me just show you the path we are on right now, to illustrate why the word not on a "sustainable" path has become commonplace in Washington today. Our trade deficit, our budget deficit are simply not sustainable paths.

This September, just a month or so ago, CBO, by law, presented a budget update, economic update which they are required to present. We asked them to take this projection of the economy and the budget over the next 10 years and adjust it for assumptions that would capture the essence of the Bush budget.

For example, we said assume that the tax cuts passed in 2001, 2002 and 2003 will be extended when they expire in 2009, 2009 and 2010. We asked them to assume that we fix somehow the alternative minimum tax so it only affects the same number of taxpayers as it affects presently.

We asked them to assume that there will be a drawdown beginning next year, this year, in the troop levels in Afghanistan and Iraq to the point where there are about 20,000 in each theater, and there will be a steady state like that.

And we asked them to assume that the President's proposal for Social Security privatization is enacted. Factor all of these into the budget. Extend the budget out 10 years. And CBO, we said, tell us what the results are. And here are the results on this chart, and they are very stark.

The budget deficit for last year, 2005, was \$319 billion. Under the assumptions I have just outlined, that deficit will go to \$640 billion. It will double over the next 10 years. The debt of the United States held by the public and held by foreigners will increase from \$4.6 trillion to \$9.2 trillion. It too will double.

And debt service, the interest we pay on the national debt, net interest that we pay on the national debt held by the public will increase almost threefold, going from \$182 billion to \$458 billion.

That is why we say there is a debt tax implicit in this budget. There may be tax cuts today, but tomorrow if there is one thing obligatory in the budget, it is interest on the national debt.

□ 1830

It has to be paid or the credit of the United States will collapse. And look at what we are leaving our children, the burden we are leaving them to bear and the increase in debt service which buys nothing for the government, breeds cynicism of our government because when the citizens are paying \$458 billion in interest on the national debt and seeing nothing in return for it except for the fact that the bond holders of America are getting interest payments, they get cynical for what government can do for them for charging such high taxes and doing so little in return.

The debt of the United States will increase from 37 percent to 46 percent of the GDP. That is the path we are on now, and that is the path everyone knows is not sustainable.

Mr. ETHERIDGE. Madam Speaker, I think what the gentleman has pointed out, if our colleague were taking in context of where we were on 9/11 when New York was hit, we had a surplus, and when that hit we had the resources of this government, as bad as it was, to help put this thing back together.

Mr. SPRATT. We had some resilience.

Mr. ETHERIDGE. We had some resilience. We had balance. We did not have to say we are going to look for offsets to help the people of New York get back on their feet. They are still recovering, but we did the right thing.

I was down in Louisiana last weekend with members of the Committee on Agriculture. That is what makes this such an important night in what we are doing.

We went to the food bank, the food bank in New Orleans, and really for Louisiana and the larger area the food they handed out last month was half what they had given out in one month the whole year last year. And we are looking at folks who have lost their

jobs, who have lost their homes, who have lost everything they have, and we are saying that in this budget that we are going to offset against those folks?

The gentleman has pointed out so many times we in this country help one another. It is not about taking from one group to fix another group. And as we look at these numbers, we literally are taking from our children and our grandchildren so folks today can live the high life. That is wrong.

In the budget cuts we are going to be seeing coming down the road, the result of some of the policies that have been put in place over the last several years, we are going to see children denied an opportunity for education, a higher education. We are going to see heating bills for folks going up this year because of energy prices going through the roof, and they will not have money to pay those bills because we will not have the resources to help. These are the consequences of bad policy decisions that have been made in this body.

Mr. SPRATT. They are becoming so abundantly evidenced that they cannot be overlooked or denied any longer. That is the point I am trying to make.

Mr. ETHERIDGE. Absolutely. The gentleman is right on target.

I saw that this weekend firsthand and I am sure others have as they have been there. This is important that we share this with our colleagues and folks tonight so they will understand that budgets are things that you do not pay much attention to sometimes until, as we say back on the farm, the chickens come home to roost, and they are not coming home to roost.

Mr. SCOTT of Virginia. Madam Speaker, I would like to thank the gentleman from South Carolina for his comments. I want to get back to the chart where he has debt service in 10 years of \$458 billion. When you use big numbers like that, sometimes I like to put them into perspective. At \$45,000 each with that money which is just going down the drain, you could hire over 10 million Americans for \$458 billion, at \$45,000 each, 10 million. There are less than 9 million unemployed today, drawing unemployment. So that is just money right down the drain.

You can hire everybody that is on unemployment, have money left over, and a \$45,000 a year job for the money that we are going to waste on debt service because we have let this deficit get out of control.

In the deficit for 2015, the gentleman has listed \$640 billion. We need to put that number in perspective. The entire revenue from the individual income tax, what everybody pays in individual income tax, is approximately \$800 billion. They have overspent, gone in the hole \$640 billion. You just wonder how bad it would have to get before they realized that this just is unsustainable.

Mr. SPRATT. Let me make two points before I yield again.

First of all, we all believe that disaster relief should be a program of

shared sacrifice. We should all want to pitch in and help the people of New Orleans and Bay St. Louis and the gulf coast. No question about it. But when you spread that burden across our whole country, and that is the way we should do it, it should be spread equitably and evenly and fairly.

The second problem we have with what is being proposed and pushed right now, is that the costs would not come down evenly and equitably, but they would come down heavily on, in many cases, those least able to bear the burden. We do not think that is the way it should be done. We are not saying it should not be paid for in some respect or stretched out over time. We are simply saying, when and if it is paid for it ought to be equitably distributed.

Let me make one other final point by saying that if you look at our charts here you will see that in the year 2015, way down here in the corner of this particular chart, the deficit will be \$640 billion. That does not assume anything for Hurricane Katrina because it had not happened when these numbers were run.

If you factor Hurricane Katrina in at today's level expenditure in that year the deficit will be about \$645 billion. So the problem in the outyears here is not Hurricane Katrina. It is budget and fiscal decisions that were made in 2001, 2002, 2003, 2004 and are still being made today through 2010 with the insistence that all the tax cuts passed then have to be renewed. That is what is yielding you these outyear deficits. This budget that gets worse and worse by the year.

Mr. KIND. Madam Speaker, what is equally troubling and if not more so is that the gentleman is talking about the prime retirement years of the baby boom generation. We all know we have an aging population in this country and that is when that demographic time bomb is about to go off. Unless or until this Congress, working with the administration, can turn this fiscal scenario around, it will be virtually impossible for our children and grandchildren to meet the burdens that are piling up on them today because of the demographics in this country. That is why it is important that we have this discussion tonight so hopefully we can bring some fiscal sanity back into the economic decision of this body before it is too late.

Mr. SCOTT of Virginia. I would ask the gentleman from South Carolina (Mr. SPRATT) to explain this.

Mr. SPRATT. That is essentially on a linear graph, what we have here in a simple table. It shows a blip for Katrina but basically it adds very little to the outyear deficit.

Mr. SCOTT of Virginia. So the out-year deficit is essentially the same whether you pay for Katrina or not. That it is really a blip on the screen. So whatever our fiscal problems are, Katrina is absolutely irrelevant because that is only a blip on the screen.

This is the size of the deficit, the solid line without Katrina, the dotted

line with Katrina. And after a couple years, you do not notice the distance.

Ms. MCKINNEY. I will not take much time but I want to change the thrust just a little bit because I want to talk for a half minute about our education President.

Now, it is my understanding, and I hope the gentleman will correct me where I am wrong and you will amplify what needs to be amplified where we are right, but our education President has underfunded No Child Left Behind by \$39 billion. Now, he has also cut technical education, cut student loans, cut the grants available to students who want to go to college. And so basically they, the people who are making public policy in the Congress these days, are a bit out of touch with the way the rest of us live. We, our children, and those of us who are still students, rely on the funding that is available in the budget so that we can have the workforce for tomorrow being prepared today, and that is not the case.

But the one thing I just want to say is, it is my understanding that all of these cuts in education can be likened to a student tax, and so I would like for the gentleman to amplify on that but I would just like to say that we had a minor, modest victory in the State of Georgia just yesterday because the courts in the State of Georgia turn back a legislative initiative put forward by the Republican controlled legislature and our Republican Governor. That was the much maligned the Voter ID bill.

This Voter ID bill would have put a two-tiered structure in place for people being able to vote. That was a poll tax and the poll tax was turned back. Now we have got a student tax, a learning tax.

Could the gentleman please talk to us about the impact of these cuts on the ability of us to prepare our young people for tomorrow's jobs but also how this becomes a learning tax on young people?

Mr. SPRATT. Madam Speaker, I think the gentlewoman will agree that the essence of America's opportunity and the essence of opportunity is a good education, and what we are seeing in this budget is diminishing money every year for education. For example, the signature program of the Bush administration was No Child Left Behind and many voted for it on the assumption that there would be, yes, more accountability, higher standards but there would also be more money.

And now, 2006, the difference between what was authorized and expected to be committed to this program and what is actually being made available in this budget is about 8, \$9 billion. The number the gentlewoman gave was a cumulative number since the adoption of the bill. In addition, in order to make what is provided for the additional Title I funding available, the Bush administration has proposed to cut or kill about 48 educational programs. A lot of them are small programs, but they are

the Eisenhower Science and Math Program.

We just had a blue ribbon commission say we need to be investing more in science and math education if we are going to make it to the future and sustain our style of living.

So we see a faint hearted commitment in name, in slogan, No Child Left Behind, but the dollars do not follow the children to the extent that we all expected when we voted for the bill in the first place, no question about it.

Mr. KIND. Madam Speaker, I thank the gentlewoman for Georgia for raising this issue. I am a member of the Committee on Education and the Workforce along with the Committee on the Budget, and we are looking at under the majority party's budget reconciliation proposal of having to come up with close to \$15 billion worth of cuts out of the education and workforce authorization budget at a time when, as the gentleman from South Carolina (Mr. SPRATT) has just indicated, we need to be ramping up our investment in the workforce development of this century with our students and with the youth so that they have the skills and the tools that they need to compete successfully in what is a rapidly shrinking world and an incredibly competitive global marketplace.

The reports are coming out almost daily in regards to how we are underfunding or not supporting programs to encourage more math and science and engineering students in this country.

Earlier this year I spent 2 weeks in China doing a higher education tour there. They are investing heavily in their education infrastructure. They are graduating more English speaking engineers from their own Chinese schools than we are here in the United States. And if this trend continues, if we continue to sleepwalk through all this, there will be serious consequences that we will be paying in short order as we move forward, and this is where fiscal mismanagement and the misplacement of priorities come back to haunt the future prosperity but also the security of our country.

We know what works. It worked in the 1990s with basic budget rules such as pay as you go, and the Democratic Party has been united in reinstituting those budget disciplinary rules. It did work in the nineties. That gave us 4 years of balanced budgets and surpluses and an opportunity to download our debt, so we were not dependent on countries like China to be financing the deficit. So we were in a better position to be dealing with a 9/11 catastrophe or a Katrina catastrophe or making the important investments for the future of our country.

Because of the economic policies pursued by the majority in recent years, those options have been taken away, and they will continue to diminish our opportunities in the future unless we bring back some sense of responsibility to this Chamber again, and that is why I think special orders like this this

evening are very important times to discuss the various choices that we face today.

□ 1845

Mr. SPRATT. Madam Speaker, I thank the gentleman for his insight, and I now yield to the gentleman from Arkansas (Mr. ROSS).

Mr. ROSS. Madam Speaker, I want to thank the gentleman from South Carolina for taking this Special Order this evening; and as whip of the fiscally conservative Blue Dog Coalition, I rise this evening to share in the dialogue and to talk about the financial condition of our Nation's government. The Blue Dog Coalition aims to restore common sense and fiscal discipline to the way we operate our government.

Madam Speaker, our Nation today is \$7.990 trillion, nearly \$8 trillion, in debt. Put that another way, our Nation today is spending \$160 billion a year simply paying interest on the national debt. That is about \$500 million a day. In fact, it is \$13 billion per month, it is \$444 million per day, it is \$18 million an hour, it is \$308,000 a minute. Or put another way, our Nation is spending \$5,100 every second simply paying interest on the national debt. In fact, if every person in America wrote a check to pay off the national debt, the amount each person would owe, including the children born today, would be \$26,000.

It is hard to believe now that we had a balanced budget from 1998 to 2001, because now this administration, this Republican Congress, has given us the largest budget deficit ever in our Nation's history for a fifth year in a row. In 2001, the deficit was \$128 billion; in 2002, it was \$157 billion; in 2003, \$377 billion; 2004, \$412 billion; and in 2005, it went to \$427 billion.

That does not include the money that is borrowed from Social Security. No wonder this Republican Congress would not give me a hearing or a vote on my bill that basically said that politicians in Washington should keep their hands off the Social Security Trust Fund. In fact, if it were not for the money being borrowed from the Social Security Trust Fund, the deficit would have been \$567 billion last year.

Many American citizens, I know the citizens in Arkansas' Fourth Congressional District, are asking me where all this money is coming from that we are borrowing. We have borrowed \$700 billion from Japan, \$250 billion from China, and \$76.2 billion from the Caribbean Banking Center. I had never heard of such. In fact, 45 percent of our deficit is being funded by foreign investors.

In the aftermath of hurricanes Katrina and Rita, we are faced with the very important question of how are we going to pay for the rebuilding efforts. I find it interesting that these questions are not asked when we talk about paying for the war in Iraq. Just a few short months ago, \$82 billion was passed in emergency supplemental ap-

propriations. In fact, we spend \$188 million every day in Iraq and \$33 million every day in Afghanistan.

In a time of war, in the aftermath of our Nation's most costly natural disaster in our history, the Republican majority in Congress and this administration are still proposing another \$106 billion in new tax cuts. That is wrong. It is morally wrong. There is a lot of talk these days about values. I can tell you that those are not the kinds of values that I was raised on and still believe in.

This Republican-controlled Congress claims these additional budget cuts are to pay for Katrina. Over \$62.3 billion has been allocated for hurricane relief efforts. However, budget reconciliation is not applicable to emergency supplemental funding. We recently passed \$82 billion in emergency supplemental appropriations for Iraq. Where was the talk of reconciling the budget then? It is clear these budget cuts are not aimed at offsetting the cost of the devastating hurricanes, but rather at partially offsetting \$106 billion in new tax cuts.

The Republican-controlled Congress is proposing to slash programs such as Medicaid, food stamps, student loans and other programs that would directly and adversely impact the poor, the disabled, and the elderly. And those cuts, Madam Speaker, are wrong. It is about priorities. And this Republican Congress believes it is more important to fund tax cuts for those earning over \$400,000 a year than to fund programs that benefit the poor, the disabled, and the elderly.

I would like to wrap up my remarks by sharing with you a paragraph from a letter that I received just today from the National Council of Churches of Christ in the USA. It is signed by a number of organizations. Some of them you will recognize, like the National Baptist Convention USA, the National Missionary Baptist Convention of America, the Presbyterian Church, and the United Methodist Church. If I may read from that letter as my closing:

"The role of government is to protect its people and work for the common good. This is not the time for the budget reconciliation process to create greater hardships for those who are already experiencing greater suffering. To do so is not only unjust; it is a sin. It violates all the fundamental Christian principles of loving thy neighbor, caring for the poor, and showing mercy. As religious leaders, this violation is unacceptable to us."

And to the gentleman from South Carolina, I would say that this violation is unacceptable to me as well.

Mr. SPRATT. Madam Speaker, I thank the gentleman for his comments, and I yield now to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Madam speaker, I want to thank the gentleman from South Carolina for taking out this Special Order. We are having this discussion tonight as yet another

potentially catastrophic hurricane turns toward the U.S. mainland, and once again we are not prepared. This time I am not talking about FEMA or the Department of Homeland Security; I am talking about being unprepared fiscally.

Our former National Economic Adviser, Gene Sperling, put it best when he said that when the congressional leadership all of a sudden starts asking how are we going to pay for Katrina, they are asking a very narrow question. The question should be, How did this country get into such a fiscal mess in the first place? I tell you, the answer was not Katrina, and the answer was not Rita, and the answer is not going to be Wilma.

These natural disasters do cost a great deal, and we are going to do what it takes to respond to the affected areas. But they are not the cause of our problems. What these hurricanes have done is lay bare this country's troubling racial and economic divides and the sorry state of our disaster preparedness. But they have also laid bare the dangerous deterioration of our fiscal health.

Now, in the wake of Katrina, our colleagues on the other side of the aisle seem to have gotten religion on fiscal responsibility. Mind you, this is after they engineered an unprecedented fiscal reversal of some \$9 trillion from budget surpluses and paying down debt in the Clinton administration to record deficits and deepening debt under George W. Bush. But our Republican friends are suddenly wringing their hands over the deficit. They are using Katrina as a pretext for doing what they wanted to do all along, and that is to cut the very safety net programs on which the victims of Katrina depend.

All you have to do is take one look at this proposed reconciliation package and you will see how much they care about the budget deficit. And I appreciate the gentleman from South Carolina pointing this out earlier this evening. This reconciliation bill would not reduce the deficit; it would increase the deficit by more than \$100 billion over 5 years.

This reconciliation process, we all know, was intended to facilitate the passage of deficit reduction measures. But the Republican leadership has now turned the process on its head and is using it to push through measures that will drive us further into debt. The spending cuts called for in this bill will do absolutely nothing to offset hurricane recovery. Let us be very clear about that.

From the beginning, the \$35 billion in cuts contained in the reconciliation package were intended to partially offset not the hurricane but \$107 billion in tax cuts included in this budget resolution. And now, if you add \$15 billion, that is not going to make up the difference. What those cuts will do is threaten vital services that the victims of Katrina are counting on to help rebuild their lives: foods stamps, Medicare and Medicaid, student loans, and

low-income energy assistance. These could all be cut, just to name a few.

What about wealthy Americans? They are going to get off without sacrificing a dime of the Bush tax cuts. Quite the contrary. The reconciliation bill is going to be used to fast-track new and extended tax cuts for those who need them least. Maybe that is the Republican idea of shared sacrifice.

The very notion that we should offset the \$200 billion it could cost to help millions of Americans and their families and communities get back on their feet after a tragic disaster and not offset the nearly \$2 trillion cost for the Bush tax cuts, or the \$250 billion we are spending in Iraq and Afghanistan, well, that reeks of hypocrisy. And it actually worsens the fiscal meltdown of the last 4 years.

Why should we offset the cost of rebuilding Biloxi, but not the cost of rebuilding Baghdad? And even worse, why should we make the very people we are claiming to help bear the lion's share of the cost? I am afraid you are not going to find very many honest answers from the leadership of this Chamber. You are going to find some deception and deficits as far as the eye can see. I think it is disgraceful.

Anybody who votes for that reconciliation should be ashamed of themselves for what they are doing to the most vulnerable among us and what they are doing also to this entire country's future.

This is a powerful message, Madam Speaker; and I appreciate the gentleman from South Carolina's leadership in blowing the whistle on these budget follies and also showing that the kinds of things we have been saying all along are laid bare by Hurricane Katrina. And the best response we can make is to not whack at the meager budgets that these victims already depend on, but to get serious about getting our fiscal house in order long term. So I thank the gentleman for his Special Order.

Mr. SPRATT. Madam speaker, I thank the gentleman for his comments, and I now yield to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Madam Speaker, I thank the gentleman for yielding to me, and the gentleman from North Carolina (Mr. PRICE) mentioned the question of whether the wealthy would be sacrificing in this budget. I just want to point out as we consider how to pay for the \$200 billion potential cost of Katrina that there are two particular tax cuts that have not gone into effect yet, but will go into effect January 1. They are nicknamed PEP and Pease, the Personal Exemption Phaseout and the standard deduction phaseout. And as the gentleman has inferred, they only help the wealthy.

Now, we have to show a chart, because no one will believe it unless you show a chart. This shows how that cost of PEP and Pease will be distributed. If you make under \$75,000 a year, you will

get zero from this tax cut. If you make \$75,000 to \$100,000, you might get a dollar. If you make \$100,000 to \$200,000, you might get \$25. You can hardly see the bar. Take my word for it, there is a little bar there to show the \$25 you might get. At \$200,000 to \$500,000, you get \$558, on average; and at \$.5 million to \$1 million, you get over \$4,000. But if you make over \$1 million, this tax cut that has not even started yet but will start next year, you will get about a \$19,000 benefit from that.

To implement this tax cut, the 5-year cost is \$200 billion. We wonder how to pay for Katrina? How about not letting this tax cut go into effect. That would cover the entire potential cost of a Katrina right there. But instead we are going to ask Medicare and Medicaid, possibly veterans health care, certainly student loans and school lunches, food stamps, and those who are most in need, those programs that the Katrina victims would actually be using, those are the programs that will be cut and not a tax cut for millionaires.

I think our priorities are wrong, and I appreciate the gentleman giving us the opportunity to bring this kind of chart to show what kind of tax cuts have not even gone into effect yet, but will go into effect beginning next year. And when we say it is a tax cut skewed to the wealthy, this chart shows exactly how that takes place.

Mr. PRICE of North Carolina. Madam Speaker, if my colleague will yield for just a moment.

Mr. SPRATT. Madam speaker, I yield to the gentleman from North Carolina.

Mr. PRICE of North Carolina. You know, our friends over at the Center for Budget and Policy Priorities have asked the rather obvious question, where did that \$9 trillion go? Remember that fiscal reversal? And the answer to that is that the biggest chunk of it did go to those Bush tax cuts. A good portion of it has gone to increased defense and security spending after 9/11. Some of it comes from the bad economy and the fact that we have had a very sluggish recovery.

□ 1900

But you know what is not on the list is the sort of cuts that are being proposed by our Republican friends in this reconciliation bill, and that is domestic discretionary spending or for that matter domestic nondiscretionary spending.

The country is not going broke because we are spending too much on food stamps, and the country is not going broke because we are doing too much cancer research or having too many after school programs, and yet that is where the Republicans choose to get religion on fiscal responsibility, in the very areas where the blame does not lie. So this Hurricane Katrina exercise is just more of the same. They are saying that the offsets for Hurricane Katrina are going to come from these areas that people desperately need, while leaving the main culprits in our

budget meltdown untouched. That is simply unacceptable.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I am pleased to join the gentleman's special order and participate in the discussion with my colleagues.

We are watching something extremely unserious unfold with respect to the Nation's balance sheet. We have to understand, as we deal with the budget of this country, we are dealing not just with the matters that are presently before us and will affect the upcoming year, we are literally talking about the future of this country. To the extent we do not pay our way, our kids pick up the difference.

Many of us were terribly concerned when we saw the pre-Hurricane Katrina budget forced through the House, forced through the Senate, yet to be reconciled and passed finally, but it proposed to drive the deficit deeper and in fact that was from a position where the deficit position was the third worst in our Nation's history.

Now the difference in the deficit, and we talk deficit around here, deficit is our annual shortfall. The national debt is what it all amounts to. When we run deficits, we add to the debt. And while we are third worst in the Nation's history in terms of annual deficit, we are absolutely on uncharted ground with the kind of debt we now have, debt approaching \$8 trillion.

This would be I believe very alarming by any measure, but a further look shows who owns the debt. The debt held by the public is increasingly owned by central banks of Asian nations. I have heard some Members, some friends of mine from the other side of the aisle say look, I know that is a scary deficit number, but we have had, relative to the size of our economy which is now bigger, we have been worse than this before. I do not think we ought to have the very worst in our country's history as the benchmark against which we compare, but how about the very best in our Nation's history. They try to excuse the scary state we are in by saying it has been worse in terms of real dollar terms compared to GDP.

It has never been this bad. We have never had so much debt owned by foreigners. I am not just talking about Ole and Sven and whomever else across the world, I am talking about central banks controlled by central governments, especially Asia, Japan, and even more by China.

This morning I visited with a former member of the Office of Management and Budget and asked her whether or not we were losing control potentially in the future of our monetary policy as a country, giving up essentially sovereignty of our ability to set interest rates in light of the level of debt owned by foreign governments. She indicated we are heading down that path.

So anything that we talk about in this Chamber that adds to the deficit,

increases the holdings of foreign governments of our national debt and diminishes the sovereignty we have over our own country, this is an extremely alarming situation and that is why I was so adamant against the budget reconciliation proposal being advanced in Congress.

Recently we have had a new chapter in the debate. Majority Members have said my gosh, that Hurricane Katrina was expensive, we have to offset every dollar of relief we are spending on that hurricane. Look, I welcome very much some concerns about spending and deficits and the notion that we might offset some of this stuff, but if we are going to offset, let us look at the total picture. There is nothing about a Nation's balance sheet that treats hurricane debt different from other debt. So if we are going to offset for Hurricane Katrina, let us offset for the war in Iraq, let us offset for tax cuts which deprive the government of revenue and throws us further out of balance. That is not what they are talking about.

In other words, this is window dressing on a scheme that ultimately drives us further into debt. Look at this chart. This chart shows the small bar which is the amount of spending they want to cut while the tall bar shows the depth to which the tax cuts they are including in this package would drive us further into deficit, further into the hands of more Chinese bonds residing in the Chinese government.

We need to do something about this, and it does not start with basically this window dressing on cutting many of the programs so vital to those displaced by the hurricane as an excuse to offset hurricane relief. We need to get serious about getting back to a balanced budget. There are a couple of ideas that I would advance in the concluding part of my remarks.

First, we need to reinstate a requirement given the deficits that we are in that we pay as we go from here. If we are going to take a step that adds further to the deficit, we have to find a way to offset that payment. If we spend more, we have to find a way to offset so we do not drive that deficit deeper. If we pass some tax cuts, we lose some revenue, we have to cut spending so we hold that deficit in balance.

Mr. SCOTT of Virginia. Mr. Speaker, if the gentleman would yield, have we ever had PAYGO?

Mr. POMEROY. Mr. Speaker, we have had these pay-as-we-go requirements, known as PAYGO, throughout the entire 1990s, and I will tell Members what brought it about. What brought it about was divided government. President Bush won, and the Democratic controlled Congress arrived at pay-as-you-go requirements to bring the budget into balance. President Clinton, dealing with a Republican controlled Congress, had pay-as-you-go requirements to get us to a balanced budget.

Something very, very problematic has happened under united Republican control of the White House, the House

and the Senate: They blew away the PAYGO requirements and have added to the deficit like there is no tomorrow, giving us such deep debt problems with the Chinese.

Mr. SCOTT of Virginia. Mr. Speaker, if the gentleman would continue to yield, if you have a tax cut without PAYGO, you do not have to pay for it; and what happens when you cut taxes and increase spending without paying for it?

Mr. POMEROY. What happens is you get yourself into the deepest deficits you have ever had in the history of the country, which is precisely the problem. What the gentleman means is you do not have to pay for it in this year's budget because your children are going to pay for it down the road as they retire the national debt.

I would just cite a couple of other spending areas that might be cut, and it relates right back to the administration's handling of the hurricane. Just listen to this. You want to cut food stamps, Medicaid, programs that are going to be so vitally important to getting displaced people from the hurricane back on their feet again, but before we go there let us take a look at some of the ways the Republican administration has spent money for hurricane disaster relief: \$1,275 per person for a cruise ship that costs only \$599 for an actual cruise. What kind of deal is that? Or \$15,000 paid for a load of ice that was worth \$5,000; \$88,000 for mobile classrooms that normally cause \$42,000; \$59 per hotel room per night for months on end.

And that is not all. The Federal Government paid full retail for trucks, laptop computers, clothing and sleeping bags. Firms have been awarded contracts for millions without competition. Contracts have gone to construction companies that do not even have building licenses.

If we look at how this administration has administered the relief of the hurricane to date, we are going to find all kinds of places to cut spending before starting after programs which are so vitally needed like food stamps, helping displaced families get the groceries they need to feed their children.

The thought that the other side of the aisle would cut these programs while trying to ram through a budget reconciliation package that drives up the national debt because it funds those tax cuts to the most affluent, even while you leave this shameful, wasteful spending totally untouched, this is a package of shame.

I have just learned in the course of our hour that the budget reconciliation amendment will not be brought to the floor tomorrow. Apparently the disarray on the majority side found them short of votes to bring it up tonight. If something fundamentally does not add up, I would hope, and it is high time, there is a debate within the majority conference about it. We need to get serious about controlling the spending. We need to get serious about control-

ling the deficits. We need to get back on a path that brings us to fiscal sanity.

Mr. SPRATT. Mr. Speaker, I thank the gentleman for his statement, and I yield to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I cannot thank the gentleman from South Carolina (Mr. SPRATT) enough for what I think is vital to the discussion on the proposed debate on the budget reconciliation. The reason I say that is because, and both of us have had experiences with hurricanes, but I have now been in a region for the last 2 months, or more, with the impact of Hurricane Katrina and now certainly Hurricane Rita. You know that Texas was not in the eye of the storm of Hurricane Katrina but experienced an infusion of almost a quarter of a million persons who were evacuated from that region. Now with the evacuation of those from Hurricane Rita, specifically in west Louisiana and of course east Texas, we have added to our family.

As I looked at the distribution of funds and the local needs, I was struck by the fact that these dollars that are going to be needed for recovery are not going to materialize. I think it is important for us to realize that the budget that is being presented or proposed by the majority will not save money. It will not address some of the very stark realities of those who are experiencing the devastation of hurricanes.

The idea that dollars dealing with health care and the fragileness of Medicare and Medicaid, which will be made even more fragile with this budget, the argument of transferring Medicaid dollars from Louisiana to Texas was a separate argument, but it was under the premise that we would have the money to take care of those on Medicaid.

The idea that we would be cutting education dollars in contrast to cutting tax cuts, the idea that we would not have enough housing, which we do not have in the State of Texas, housing to supplement the hotel rooms, all of that requires a Federal infusion of an investment of dollars. That is not wasteful spending. Those are not the kinds of cuts we should be having when we are talking about the most vulnerable, individuals who do not have flood insurance, individuals who are trying to go back into Louisiana and rebuild.

We know that the private sector will be a component, but the Federal Government, because of the major devastation, will have to help rebuild the States of Louisiana, Mississippi and elsewhere. But, this is what we have intended to do with our dollars, and I thank the gentleman from Virginia (Mr. SCOTT) on the Committee on the Budget because he has talked about this over and over again. That is that we will have two tax cuts that our good friends, in this instance my good friend, Mr. Pease, has offered that will take effect next year, and over a 5-year period will cost us \$2 billion.

We have discussed this many times, and some people believe this is a frivolous discussion. Why are the Democrats talking about not wanting tax cuts?

□ 1915

We are talking about investment, and what we are suggesting is that these tax cuts are misplaced. They have nothing to do with increasing the minimum wage, which might be something we would want to consider. It has nothing to do with strengthening the middle class. And even as we looked at poverty in Hurricane Katrina, let me tell the Members there are middle-class working families that have been totally devastated. They are in our city. They had businesses. They had incomes. They had homes. Mr. Speaker, they do not have any of that now. And these tax cuts, taking away from giving them an opportunity to rebuild, SBA loans, fixing the infrastructure, which I have heard the gentleman from South Carolina (Mr. SPRATT) and the gentleman from Minnesota (Mr. OBERSTAR) speak of eloquently, this is going to be the choice being made by our good friends in the budget reconciliation.

They are willing to take tax cuts for the top 1 percent and prioritize that over health care, education, Social Security, Medicare, Medicaid, housing. But most importantly, the most vulnerable now in our Nation, not only the impoverished but almost 2 million people that are evacuated that are scattered across 44 States who may want to come home to the gulf region are going to need a little help from their friends in the Federal Government. Hard-working taxpayers now with this budget will not be able to finally support that this Federal Government can provide for them. And I hope that, as we look at this problem, we will be able to find some compassion for those who are in need.

Mr. SCOTT of Virginia. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Virginia.

Mr. SCOTT of Virginia. Mr. Speaker, I believe the gentleman has some charts that he wanted to discuss about some of the choices that we are making.

Mr. SPRATT. Mr. Speaker, these charts were compiled by the gentleman from Illinois (Mr. EMANUEL), and basically what he is trying to show here is that we have a robust program of rebuilding and restoration ongoing in Iraq to the extent they can maintain anything there in the midst of that insurgency.

For example, in terms of infrastructure, we have rehabilitated the Sweetwater Canal System, including repairs to the levees on the Tigris and Euphrates. On the other hand, we have cut \$336 million from the Army Corps of Engineers, including funding for the levees on the Mississippi. We have rebuilt the Iraqi republican railway line.

But in the United States there have been \$2.5 billion in cuts in Amtrak, and the high-speed rail funding program has been eliminated. Community development, 3,120 community action projects completed in Iraq; \$320 million cut from community services block grants in the United States.

\$470 million for the construction of housing and public buildings and civic centers for Iraqi citizens; in this country \$250 million has been cut from community development block grants; and the President's budget cuts for public housing, the capital fund, have been cut by 10 percent even though it is now already deficient to meet the needs of the program.

This chart shows the same thing. In Iraq, 110 primary health care centers built or renovated. In this country \$10 billion has been cut or is being proposed to being cut from Medicaid.

I could go down the list, but the example is stark. We are not saying this should not be done in Iraq. We have got to help get that country back on its feet, and the sooner we can get out, the better. But in the meantime, we need to stabilize the country, and this is part of it, part of the economic reconstruction. But it stands in stark contrast to what we are willing to do in this country for infrastructure that we all acknowledge we need and see we need in a case like New Orleans when the levees break.

Ms. JACKSON-LEE of Texas. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I want to say one sentence to that because what he just highlighted are two-pronged: one, we have to take care of all America, including those not so impacted by hurricanes Katrina and Rita, all of the folks who are vulnerable no matter what their station in life; hurricanes Katrina and Rita survivors but also the Americans who are hard-working taxpayers. This budget that they are putting before us does not do any of those.

Mr. SPRATT. Mr. Speaker, reclaiming my time, I made the point earlier that the cost of catastrophes like Katrina and Rita should be spread over the whole country, the whole population, but spread equitably. And it is not right to saddle that heavy burden on those least able to bear.

I thank our participants for their participation.

THE BUDGET RECONCILIATION

The SPEAKER pro tempore (Mr. REICHERT). Under the Speaker's announced policy of January 4, 2005, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes.

Mr. PALLONE. Mr. Speaker, 6 weeks ago all Americans saw the human face of poverty in the aftermath of Hurricane Katrina. President Bush vowed that after the botched Federal response to the hurricane that the Federal Gov-

ernment would do everything it could to help those displaced in the gulf and to finally address the issue of poverty. Six weeks later, the House Republican majority is already forgetting about America's most vulnerable. This week, Republicans had planned to cut Medicaid, higher education, food stamps, and possibly the earned income tax credit in order to achieve budget reconciliation.

We heard today that the budget reconciliation has been postponed. We are not going to vote on it tomorrow, and that is certainly good news. I think it is a strong indication that this budget plan was a bad plan for America and that it was, in fact, going to be used as a method of basically hurting the poor and might have had a direct impact on those hurricane victims.

But it does not mean that the Republican leadership is not going to try to bring it up again next week when we come back. And the problem is that it just is not fair, it really is not fair. It is un-American, in my opinion, to say that we are going to try to pass this budget reconciliation by making cuts in the very programs that impact the people who suffered during the hurricane.

The Republicans are claiming that their budget reconciliation bill is fiscally responsible and will cut the deficit. But, obviously, we could tell from the last Special Order that is simply not true. The budget actually raises the deficit, gives more tax breaks to the wealthiest, and makes matters worse, obviously, for the victims of Katrina.

Essentially, this is a way of trying to build in, if you will, the Republican tax breaks that primarily go to the wealthy, to the special interests, to corporate interests that the Republicans would try to pass further down the road this year. And it is amazing to me, Mr. Speaker, that it only took Republicans 6 weeks to forget the images of Hurricane Katrina. They are once again putting the priorities of the wealthiest few ahead of the working-class Americans. It is now clear that the Republicans learned absolutely nothing from Hurricane Katrina.

I could go on myself, but I have to say that my ideas and my concerns with this budget bill were very much set forth in a Washington Post article or op ed that appeared today by Harold Meyerson called "Gunning for the Poor." And I am not going to read the whole thing, Mr. Speaker, or put it in the RECORD, but I wanted to highlight some of the things that Harold Meyerson said because it basically says in probably better language what I just indicated and how I feel.

And Harold Meyerson said in this op ed today in the Washington Post: "Congress is back in session and it's gunning for the American poor."

"A revolt of House conservatives has persuaded that body's Republican leadership to offset the increased Federal spending going to rebuild the Hurricane Katrina-devastated gulf coast by